

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name DENTON TOWNSHIP	County ROSCOMMON
Fiscal Year End 03/31/2007	Opinion Date 06/01/2007	Date Audit Report Submitted to State 09/28/2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

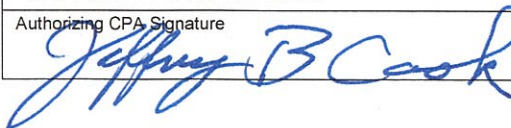
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) KESKINE, COOK, MILLER & ALEXANDER LLP		Telephone Number 989-732-7515	
Street Address 100 WEST FIRST STREET		City GAYLORD	State MI
		Zip 49735	
Authorizing CPA Signature 	Printed Name JEFFREY COOK		License Number 11876

TOWNSHIP OF DENTON
ROSCOMMON COUNTY, MICHIGAN
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2007

TOWNSHIP OFFICIALS

SUPERVISOR

FRED CHIDESTER

CLERK

CAROL ASHER

TREASURER

CAROLYN PIETCHAK

TRUSTEES

PAULA M. FULLER

ROBERT SMITH

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Keskine, Cook, Miller & Alexander, LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Walter J. Keskine, CPA
Jeffrey B. Cook, CPA
Richard W. Miller, CPA
Ronald D. Alexander, CPA
Curt A. Reppuhn, CPA

INDEPENDENT AUDITOR'S REPORT

June 1, 2007

To the Township Board
Denton Township
Roscommon County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township Of Denton, Roscommon County, Michigan as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township Of Denton, Roscommon County, Michigan as of March 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3-7 and budgetary comparison information on pages 37-42, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 1, 2007, on our consideration of the Township Of Denton's compliance and internal control over financial reporting.

Keskine, Cook, Miller & Alexander LLP
KESKINE, COOK, MILLER & ALEXANDER, LLP



Roscommon County - - - The Playground of Michigan

TOWNSHIP OF DENTON

P.O. BOX 289
PRUDENVILLE, MICHIGAN 48651-0289
OFFICE (989) 366-5913 FAX (989) 366-7123
On Beautiful Houghton Lake



TOWNSHIP OF DENTON MANAGEMENT'S DISCUSSION & ANALYSIS YEAR ENDED MARCH 31, 2007

The following is a discussion and analysis of the annual financial report of the Township's financial performance for the fiscal year ended March 31, 2007 by management. Please read it in conjunction with the financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Our financial status remained stable. Net assets as of March 31, 2007 totaled \$14,201,170. Of this total, \$8,558,841 represents capital assets net of depreciation and related debt. Overall, assets increased \$507,344 from the prior year.

Revenues totaled \$4,222,731. \$3,439,102 came from Governmental activities, and \$783,629 from business-type activities. Total expenses were \$4,070,387. Expenses for governmental activities were \$3,311,771 and \$758,616 for business-type activities. Total revenues decreased 6 percent. Total expenses increased 6 percent.

The taxable value of the Township increased over \$18,064,077, or 7 percent, compared to 7.28 percent the previous year.

Major assets acquired last year were relatively minor in comparison to past years. Purchases totaled \$45,792.95. The largest single expense was new computers for the Ambulance Department. Construction did start on the new ambulance facility. Liabilities totaled 1,603,978. \$1,305,000 is related to bonded sewer debt. Overall liabilities decreased approximately \$484,000.

Long-term debt with the USDA, Rural Development was approved last year in the amount of \$1,250,000 for the new ambulance facility. As of March 31, 2007, the Township has drawn only \$355,000 against the bond.

OVERVIEW OF THE FINANCIAL STATEMENTS

The report consists of three parts, management discussion and analysis, the financial statements, and required supplementary information. The financial statements include entity-wide statements and fund financial statements.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity wide statements report information about the entity as a whole using accounting methods used by private companies. The statement of net assets includes all of the entity's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities. Net assets are an indicator of an entity's financial health.

Over time, trends in an entity's net assets serve as an indicator of whether financial position is improving or deteriorating.

Other factors such as changes in the tax base, condition of facilities, and personnel changes should be considered in assessing the overall fiscal health of an entity.

The majority of reported activities of the Township are governmental. These include the general fund, road fund, police fund, and fire fund. The sewer fund is treated as a business activity as the revenues pay for the operations of the activity.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the Township's funds, focusing on the major funds, not the Township as a whole. The funds account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township board may create additional funds. The funds are established to account for funding and spending of specific financial resources and to show proper expenditure of the resources.

The Township has the following types of funds:

Governmental Funds: The majority of the Township's activities are included in the governmental fund category. These funds are presented by the modified accrual method, which is designed to show short-term financial information. The differences between the government-wide statements and the fund statements are disclosed in reconciling the statements and explain the differences between them. The governmental funds of the Township include: General, Road, Fire, Police, Mobile Home, Recreational, Park, Ambulance, and Street Lights.

Proprietary Funds: These funds represent activities of the Township that are similar to activities performed by private companies. These funds are designed to generate revenues adequate to pay for the operations of the activity. These funds are presented on a full accrual method and use the same format as the government-wide statements and fund statements presentation. The Township's proprietary fund is Sewer.

Fiduciary Funds: The Township is a trustee or fiduciary for assets that belong to others. The Township maintains these funds and is responsible for insuring that the assets of the funds are spent for their intended purpose and at the direction of the individuals or organizations to which the funds belong. The Tax Collection Fund is currently the only fiduciary fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net Assets: The Township's combined net assets increased \$507,344 during the year ended March 31, 2007 and totaled \$14,201,170.

The increase is the result of Fixed Asset Purchases exceeding the Depreciation Allowance during the year, and improved earnings on investments

Governmental Activities: The net assets for governmental activities increased \$127,331.

Business Type Activities: The net assets for business-type activities increased \$25,013.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

GENERAL FUND: This fund records all activities not required to be recorded in a separate fund. The activities included are zoning, elections, maintenance, assessing, cemetery, community building, and township officials budgets. The major source of revenue for the general fund is state revenue sharing and the allocated millage on the tax base. Other sources are fees for services such as zoning fees, tax collection fees, and rent income.

The General Fund Budget for Denton Township for the 2006-2007 Budget year was close to the estimate for Revenue. Expenses for the General Fund in most cases were close to the budgeted amounts. Several General Fund expense accounts are well under budget as some projects were delayed due to the uncertainty about State Revenue Sharing. Budgeted expenses were estimated by averaging the last 3 years and adjusted for expected trends. Upcoming projects, expected major repairs, equipment purchases, and other large expense items were added.

ROADS: The fund records income and expenses for county owned streets within the Township. The major revenue source is the voted township millage. A significant amount of revenue comes from the Roscommon County Road Commission allocation of funds between the townships. The funds are used for paving, curbing, and other improvements to the streets.

FIRE: The fund covers the activities of the townships volunteer on call paid fire department. The department is millage supported with revenue from fire protection contracts with other townships.

POLICE: The police fund is millage supported with other revenues from liquor license inspections, fees for insurance reports, and miscellaneous income.

PARKS: The fund covers activities for the township park system. The system includes the soccer fields, baseball field, pavilion, and beaches. The main source of income for the fund is from the general fund. There is no voted millage specifically for parks. In past years, grant income has been a significant source of revenue.

AMBULANCE: The revenues and expenses for the ambulance service is recorded by this fund. The fund is millage supported with approximately 35 percent of total revenue derived from the millage. Insurance fees from Medicare, Blue Cross, and other insurances provide the bulk of the remaining income. Mutual aid fees, ALS intercept fees, and training program fees are other sources of revenue. Donations from private individuals have been a significant source of revenue in past years.

STREETLIGHTS: The fund provides the revenue to pay utility costs and other operational costs of the program. The fund is millage supported.

COMMERICAL REHAB: This fund is a revolving fund that loans money to established business owners in the township. Start up funding was provided many years ago by a grant. Revenue for the fund comes from bank interest on retained funds, loan payments, and loan interest.

TRASH/COMPOST: This fund is supported by a special assessment on residential units in the township. Other sources of funding are the general fund, recycling revenue, commercial user fees, and grant income.

MOBILE HOME PARK: This fund is wholly supported by user fees charged to park users. Camping fees and lot rents are the main sources of revenue.

SEWER: The fund is supported mainly by user fees. Permit fees, delinquent fees, and capacity fees are other sources of revenue. The original system was bonded and paid for by special assessment districts. The last bond was paid off this year. The bond for the last expansion of the system was paid by increased user fees. The operations of the system are managed by the Houghton Lake Sewer Agency.

CAPITAL ASSET AND LONG-TERM DEPT ACTIVITY

Capital Assets. The major assets acquired during the year totaled \$214,881. Streetlights for \$142,400, Park improvements for \$31,183, and improvements to the Mobile Home and RV Park for \$37,775 were the majority of expense.

Long-term Debt. The Township has committed to \$1,125,000 in new long-term debt this year. This is a loan from the USDA to be repaid over a 30-year period. The Township has drawn \$355,000 against this bond as of March 31, 2007. The other major long-term debt is a sewer bond that will be paid off in 2014.

Future Considerations

The growth of Denton Township needs to be considered in any type of planning for the Township. The pace of commercial development slowed with the down turn in the economy of Michigan. Walgreen's is completed and will open by September 2007.


An income based apartment complex with 20 units is nearing completion. Another 48-unit complex is in the final planning stages. This growth will require upgraded roads and require additional EMS services. The Houghton Lake Sewer Authority should start construction shortly to upgrade the South Harrison Road facility. Estimated cost for the sewer upgrade is \$8.3 million. The formation of the new 4-township sewer agency spreads the cost of the upgrade more equitably among the residents of the area. Other possible demands for increased services may be for parks and possibly a water system for some areas.

The maintenance of infrastructure is vital to the quality of life for residents. The cost of maintaining and improving the township roads will be a major factor in future budgets.

An option to purchase lake property for a park has been signed for \$720,000. Expected acquisition date is December 1, 2007. The Township's request for a DNR Grant for \$450,000 to pay for part of the cost has been approved by the DNR. The State of Michigan has not awarded the money yet.

Contacting Entity Management

The report is designed to provide an overview of Denton Township's financial position and the accounting procedures used. If you have questions concerning this report please contact Fred Chidester, Supervisor, at 2565 S. Gladwin Rd, P.O. Box 289, Prudenville, MI 48651.


Fred Chidester, Supervisor


Carol A. Asher, Clerk

**TOWNSHIP OF DENTON
STATEMENT OF NET ASSETS
MARCH 31, 2007**

	Governmental Activities	Primary Government Business Type Activities	Total
ASSETS			
Current Assets:			
Cash	\$ 1,384,730	\$ 577,765	\$ 1,962,495
Investments	405,487	819,498	1,224,985
Receivables	332,374	273,890	606,264
Delinquent Taxes Receivable	6,439	31,439	37,878
Inventories	18,000	-	18,000
Due from Fiduciary Fund	1,886,756	-	1,886,756
Total Current Assets	4,033,786	1,702,592	5,736,378
Non-Current Assets:			
Capital Assets	4,942,184	12,202,191	17,144,375
Accumulated Depreciation	(2,043,864)	(5,031,741)	(7,075,605)
Total Non-Current Assets	2,898,320	7,170,450	10,068,770
Total Assets	6,932,106	8,873,042	15,805,148
LIABILITIES			
Current Liabilities:			
Accounts Payable	9,562	5,053	14,615
Accrued Liabilities	79,434	-	79,434
Current Portion of Long-Term Debt	48,676	185,000	233,676
Total Current Liabilities	137,672	190,053	327,725
Long-Term Liabilities:			
Notes Payable	174,253	-	174,253
Bonds Payable	337,000	1,120,000	1,457,000
Lease Obligations	-	-	-
Total Long-Term Liabilities	511,253	1,120,000	1,631,253
Total Liabilities	648,925	1,310,053	1,958,978
NET ASSETS			
Investment in Capital Assets, Net of Related Debt	2,338,391	5,865,450	8,203,841
Unrestricted	3,944,790	1,697,539	5,642,329
Total Net Assets	\$ 6,283,181	\$ 7,562,989	\$ 13,846,170

See accompanying notes to financial statements.

**TOWNSHIP OF DENTON
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2007**

	<u>PROGRAM REVENUES</u>				<u>NET (EXPENSE) REVENUE AND CHANGES IN NET ASSET</u>		
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	<u>PRIMARY GOVERNMENT</u>		<u>TOTAL</u>
					<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS- TYPE ACTIVITIES</u>	
GOVERNMENTAL ACTIVITIES							
General Government	\$ (582,017)	\$ 106,055	\$ -	\$ -	\$ (475,962)	\$ -	\$ (475,962)
Community and Economic Development	(44,230)	57,842	-	-	13,612	-	13,612
Health & Welfare	(1,147,852)	653,029	-	-	(494,823)	-	(494,823)
Parks & Recreation	(144,065)	93,372	-	-	(50,693)	-	(50,693)
Public Safety	(392,425)	13,143	8,117	-	(371,165)	-	(371,165)
Public Works	(1,001,182)	2,820	-	-	(998,362)	-	(998,362)
Interest on Long-Term Debt	-	-	-	-	-	-	-
Total Governmental Activities	(3,311,771)	926,261	8,117	-	(2,377,393)	-	(2,377,393)
BUSINESS-TYPE ACTIVITIES							
Sewer System	(758,616)	714,745	-	-	-	(43,871)	(43,871)
Total Primary Government	\$ (4,070,387)	\$ 1,641,006	\$ 8,117	\$ -	(2,377,393)	(43,871)	(2,421,264)
 GENERAL REVENUES							
Property Taxes:							
Levied for General Purposes					383,642	-	383,642
Levied for Public Safety Services					518,607	-	518,607
Levied for Public Works Services					257,638	-	257,638
Levied for Health & Welfare Services					365,716	-	365,716
State Shared Revenue (not restricted to specific purpose)					397,567	-	397,567
Miscellaneous					426,357	-	456,327
Investment Earnings					155,197	68,884	224,081
TOTAL GENERAL REVENUES					2,504,724	68,884	2,573,608
CHANGE IN NET ASSETS					127,331	25,013	152,387
NET ASSETS - APRIL 1					6,155,850	7,537,976	13,693,826
NET ASSETS - MARCH 31					\$ 6,283,181	\$ 7,562,989	\$ 13,846,170

See accompanying notes to financial statements.

**TOWNSHIP OF DENTON
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2007**

	GENERAL	AMBULANCE	TRASH	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL
ASSETS					
Cash and Equivalents	\$ 902,133	\$ 260,197	\$ (178,706)	\$ 401,106	\$ 1,384,730
Investments	266,972	138,515	-	-	405,487
Delinquent Taxes	6,439	-	-	-	6,439
Accounts (Net of Allowances)	-	80,880	-	-	80,880
Due from Other Funds	424,691	377,573	284,140	800,352	1,886,756
Inventories	-	18,000	-	-	18,000
Total Assets	<u>1,600,235</u>	<u>875,165</u>	<u>105,434</u>	<u>1,201,458</u>	<u>3,782,292</u>
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts Payable	9,562	-	-	-	9,562
Accrued Liabilities	18,452	-	-	-	18,452
Total Liabilities	<u>28,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,014</u>
Fund Equity					
Fund Balance					
Undesignated	1,572,221	857,165	105,434	1,201,458	3,736,278
Reserved	-	18,000	-	-	18,000
Total Fund Equity	<u>1,572,221</u>	<u>875,165</u>	<u>105,434</u>	<u>1,201,458</u>	<u>3,754,278</u>
Total Liabilities and Fund Equity	<u>\$ 1,600,235</u>	<u>\$ 875,165</u>	<u>\$ 105,434</u>	<u>\$ 1,201,458</u>	<u>\$ 3,782,292</u>

See accompanying notes to financial statements

**TOWNSHIP OF DENTON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
MARCH 31, 2007**

TOTAL FUND EQUITY - GOVERNMENTAL ACTIVITIES (PER BALANCE SHEET - PAGE 10)	\$ 3,754,278
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Amounts reported for governmental activities in the Statement of
Net Assets (page 8) are different because

Capital assets used in governmental activities are not current financial resources and therefore are not recorded in the funds. This represents the amounts by which capital assets used in governmental funds exceeds accumulated depreciation.	2,543,320
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Long-term receivables are not current financial resources and are therefore not reported on the governmental funds balance sheet.	251,494
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Long-term liabilities, including notes/bonds payable and accrued liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet	(265,911)
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TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES (PER THE STATEMENT OF NET ASSETS - PAGE 8)	\$ 6,283,181
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TOWNSHIP OF DENTON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2007

	GENERAL	AMBULANCE	TRASH	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL
REVENUES					
Taxes and Assessments	\$ 383,642	\$ 365,716	\$ 284,140	\$ 775,245	\$ 1,808,743
State Grants	405,256	-	-	8,117	413,373
Charges for Services	106,055	653,029	-	106,415	865,499
Rent	13,905	-	-	-	13,905
Licenses and Permits	4,504	-	-	-	4,504
Interest	111,483	19,891	-	23,823	155,197
Other	15,577	46,531	2,896	4,889	69,893
Total Revenues	1,040,422	1,085,167	287,036	918,489	3,331,114
EXPENDITURES					
General Government	531,951	-	-	-	531,951
Public Safety	-	-	-	370,568	370,568
Public Works	135,679	-	365,343	354,695	855,717
Health and Welfare	-	939,070	-	-	939,070
Community and Economic Develop	44,230	-	-	-	44,230
Recreation and Culture	-	-	-	56,677	56,677
Capital Outlay	-	370,272	4,907	232,613	607,792
Debt Service	-	-	-	37,726	37,726
Total Expenditures	711,860	1,309,342	370,250	1,052,279	3,443,731
Excess (Deficiency) of Revenues Over Expenditures	328,562	(224,175)	(83,214)	(133,790)	(112,617)
OTHER FINANCING SOURCES (USES)					
Operating Transfers	(356,706)	-	115,916	240,790	-
Loan Proceeds	-	-	-	-	-
Excess of Revenues and Other Sources Over Expenditures and Other Uses	(28,144)	(224,175)	32,702	107,000	(112,617)
Fund Balance - April 1	1,600,365	744,340	72,732	1,094,458	3,511,895
Fund Balance - March 31	\$ 1,572,221	\$ 520,165	\$ 105,434	\$ 1,201,458	\$ 3,399,278

See accompanying notes to financial statements

**TOWNSHIP OF DENTON
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
MARCH 31, 2007**

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS - PAGE 12	\$	242,383
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Amounts reported for governmental activities in the Statement of Activities (page 9) are different because:

Governmental funds do not report long-term debt; therefore, debt service payments are recorded as expenditures. However in government-wide financial statements, long term debt is recorded as a liability and payments are applied against the outstanding balances.		37,726
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are capitalized and depreciation charged to expense over their useful life.		
Current year asset additions		607,792
Current Year Depreciation allowance		(259,817)

Governmental funds report loan proceeds as other financing sources. However, in the statement of activities, loan proceeds are recorded as debt.		(355,000)
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Long-term receivables/payables recorded in the statement of activities in previous years now recorded in governmental fund statements.		(145,753)
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CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES (PER THE STATEMENT OF ACTIVITIES - PAGE 9)	\$	127,331
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**TOWNSHIP OF DENTON
STATEMENT OF NET ASSETS
PROPRIETARY FUND
MARCH 31, 2007**

	SEWER FUND
ASSETS	
Current Assets:	
Cash and Equivalents	\$ 1,397,263
Investments	-
Receivables:	
Delinquent Assessments	31,439
Accounts	273,890
Interest	-
Total Current Assets	1,702,592
Non-Current Assets:	
Sewer System	12,202,191
Less Accumulated Depreciation	(5,031,741)
Total Non-Current Assets	7,170,450
Total Assets	8,873,042
LIABILITIES	
Current Liabilities:	
Accounts Payable	5,053
Accrued Interest Payable	-
Current Portion of Long-Term Debt	185,000
Total Current Liabilities	190,053
Long-Term Debt:	
Notes / Bonds Payable	1,120,000
Total Liabilities	1,310,053
NET ASSETS	
Invested in Capital Assets Net of Related Debt	5,865,450
Unrestricted	1,697,539
Total Net Assets	\$ 7,562,989

See accompanying notes to financial statements.

TOWNSHIP OF DENTON
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
YEAR ENDED MARCH 31, 2007

	SEWER FUND
OPERATING REVENUES	
Usage Fees and Other	\$ 714,745
OPERATING EXPENSES	
Houghton Lake Sewer Authority	563,703
Depreciation	162,894
Administration	2,219
Total Operating Expenses	728,816
Operating Loss	(14,071)
NON-OPERATING REVENUE	
Interest Income on Investments	68,884
NON-OPERATING EXPENSES	
Interest on Bonds	29,800
Total Non - Operating Expenses	29,800
Non - Operating Income	39,084
Net Income	25,013
Fund Net Assets- April 1	7,537,976
Fund Net Assets - March 31	\$ 7,562,989

See accompanying notes to financial statements.

**TOWNSHIP OF DENTON
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED MARCH 31, 2007**

SEWER FUND

Cash Flows From Operating Activities:

Cash received from customers	\$ 714,540
Cash payments to suppliers for goods and services	<u>(565,922)</u>
Net Cash Provided by Operating Activities	<u>148,618</u>

Cash Flows From Capital Financing Activities:

Principal paid on bonded debt	(185,000)
Interest paid	<u>(29,800)</u>
Net Cash Used by Capital Financing Activities	<u>(214,800)</u>

Cash Flows From Investing Activities:

Interest earned on investments	<u>68,884</u>
Net Cash Provided by Investing Activities	<u>68,884</u>
Net Increase (decrease) in Cash	2,702

Cash and Equivalents - April 1	<u>1,394,561</u>
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Cash and Equivalents - March 31	<u><u>\$ 1,397,263</u></u>
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Reconciliation of operating income to net cash provided by operating activities

Operating Income		\$ (14,071)
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	162,894	
Increase in accounts receivable and current assets	(205)	<u>162,689</u>
Net cash provided by operating activities		<u><u>\$ 148,618</u></u>

See accompanying notes to financial statements

**TOWNSHIP OF DENTON
STATEMENT OF FIDUCIARY NET ASSETS
MARCH 31, 2007**

	<u>AGENCY FUNDS</u>
ASSETS	
Cash	\$ 1,886,756
	<u><u> </u></u>
LIABILITIES	
Due to Township	1,886,756
	<u><u> </u></u>

See accompanying notes to financial statements.

**TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007**

NOTE A: ENTITY

The Township of Denton is a General Law Township of the State of Michigan, located in Roscommon County, Michigan. It operates under an elected Board and provides services to its residents in many areas including law enforcement, community enrichment, and human services. The criteria for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service and special financing relationships. On this basis, the financial statements include all of the governmental functions of Denton Township. The entities included in these financial statements are as follows:

HOUGHTON LAKE SEWER AUTHORITY

The Townships of Roscommon, Denton and Lake formed the Houghton Lake Sewer Authority, a joint venture, in 1973 for the purpose of operating, maintaining, administering and managing a sanitary sewage disposal facility for the benefit of the aforementioned three Townships and for any other Township or municipality which thereafter joins in and becomes part of such sewer system and the related agreement, all for the betterment of the health, safety, economy and general welfare of the participating municipalities.

Pursuant to the formation of the Authority, the Roscommon County Department of Public Works issued \$2,420,000 of bonds whereupon each Township assumed the responsibility of reimbursing the County for their respective share of the total bonds issued. These bonds were fully retired.

Various other Roscommon County Department of Public Works bonds were issued to help defray the cost of the subsequent additions. All Roscommon County debt has been retired.

A schedule of indebtedness is included in Note H to detail bond issues outstanding attributed to Denton Township. The Township has levied special assessments based on a front footage to aid in the payment of bonded debt. In addition, an annual service charge may be levied to provide for any bonded debt not recoverable by the special assessment.

The Township's proportionate share of the Authority's operating expenses is included in the Township's Sewer Fund. The Authority is a joint venture and is audited under separate cover. Copies of the Financial Statements for the Houghton Lake Sewer Authority may be obtained from the Authority whose address is: P.O. Box 8 Houghton Lake, MI 48629.

**TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007**

NOTE A: ENTITY (CONTINUED)

HOUGHTON LAKE IMPROVEMENT BOARD

In 2000, the Houghton Lake Improvement Board was formed under authorization of Natural Resources and Environmental Protection Act 451 of 1994, by resolution of the boards of Denton, Markey, Lake, and Roscommon Townships of Roscommon County. The Board was formed for the purpose of protecting and improving the water quality of Houghton Lake from the infection of nonnative plants and vegetation that threaten the water quality of the lake.

The Board formed a special assessment district composed of all parcels of land and local units which will be benefited from the improvements. The special assessment district includes properties in Denton, Markey, Lake, Roscommon Townships. It is funded by a special assessment, contributions from participating Townships, and state appropriations.

The Board is a separate entity and is not included in these financial statements.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INTRODUCTION

The accounting and reporting framework and the more significant accounting principles and practices of Denton Township are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the Township's financial activities for the fiscal year ended March 31, 2007.

The accounting policies of Denton Township conform to the generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

On April 1, 2004, Denton Township adopted the new governmental reporting model and implemented Governmental Accounting Standards Board (GASB) Statement No. 34 "Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments" and Statement No. 38 "Certain Financial Statement Note Disclosures".

Under the provisions of GASB Statements No. 34 and 38, the focus of the Township's financial statements has shifted from a fund focus to a government-wide focus.

**TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Township as a whole, excluding fiduciary activities such as tax collection activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Township general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with functional programs. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Township's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

The measurement focus and basis of accounting for the government-wide and fund financial statements are described in a subsequent section of this note.

**TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND TYPES AND MAJOR FUNDS

Governmental Funds

The Township reports the following major governmental funds:

General Fund - This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state grants, interest, and other intergovernmental revenues.

Ambulance Fund – This fund is used to account for all financial transactions of the ambulance services provided by Denton Township. Revenues are derived from property taxes and charges for services.

Trash Pick Up Fund – This fund is used to account for all financial transactions related to trash pick up services provided by Denton Township. Revenues are derived from special assessments, user fees, recycling income, and grant income.

The Township reports, in total, the following non-major funds:

Street Lights, Mobile Home, Police, Fire, Recreational/Park, and Roads.

Proprietary Funds

The Township reports the following major proprietary fund:

Enterprise Funds - Enterprise funds report operations that provide services which are financed primarily by user charges, or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control or other purposes. The Township maintains a Sewer Fund in this category.

Other Funds

Fiduciary Funds - These funds are used to account for assets held in trust or as an agent for others. Tax collection activities are recorded in this category. Fiduciary activities are not reported in the government-wide financial statements, in accordance with GASB Statement No. 34.

**TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The financial statements of the Township are prepared in accordance with generally accepted accounting principles (GAAP). The Township applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Township does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

Government-Wide Financial Statements

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to Township departments. Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental Fund Financial Statements

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Township considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

**TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Governmental Fund Financial Statements (Continued)

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Property Taxes

The property tax calendar is as follows:

Lien Date	December 31, 2004	
Levy Dates	July 1, 2005	(summer collection)
	December 1, 2005	(winter collection)
Due Dates	September 15, 2005	(summer collection)
	February 15, 2007	(winter collection)

The real property tax rolls were turned over to the County of Roscommon on March 1, 2007. Collection of personal property taxes remains the responsibility of the Township. Amounts collected after the due date are assessed interest and/or penalty provisions. A county revolving fund normally pays the balance of the Township's real property tax levy by May 31. The entire Township levy is recorded as revenue in the current year.

The tax rates for the year ended March 31, 2007, were as follows:

<u>PURPOSE</u>	<u>RATE/TAXABLE VALUATION</u>
General	1.4667 per \$1,000
Fire	.9786
Roads	.4893
Police	1.0000
Street Lights	.4893
Ambulance Operating	<u>1.3954</u>
Total Millage	<u>5.8193</u>

Proprietary Fund Financial Statements

Operating income reported in proprietary fund financial includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

**TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**LONG-TERM DEBT, DEFERRED DEBT EXPENSE, AND BOND
DISCOUNTS/PREMIUMS**

In the government-wide and proprietary financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effect of interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

BUDGETS

Public Act 621 of 1978 as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the Township for budgetary funds were adopted on a fund level. Budgets are normally formulated during January and February of each year and a budget hearing is held in March. The Board normally adopts the budget just prior to April 1. The budgets as presented in these financial statements have been amended as necessary throughout the year. They were adopted using the modified accrual method of accounting. They expire on March 31 of each year. There are no carryover items.

USE OF ESTIMATES

The financial statements have been prepared in conformity with generally accepted accounting principles as applicable to governments and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

INVENTORY

Inventory is stated at estimated cost.

**TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007**

NOTE B: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS AND DEPRECIATION

The Township's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Proprietary capital assets are also reported in the respective fund financial statements. Donated assets are stated at fair value on the date donated. The Township generally capitalizes assets with historical cost of \$2,500 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	40
Improvements, other than buildings	15 – 40
Mobile equipment	3 – 10
Furniture, machinery, and equipment	5 – 15
Sewer system	75

For information describing capital assets, see Note F.

NOTE C: CASH, CASH EQUIVALENTS AND INVESTMENTS

COMMON BANK ACCOUNT

For investment purposes the Township maintains cash from several funds in common bank accounts. Balances belonging to each fund are as follows:

General Fund	\$ 1,131,510
Fire Fund	229,406
Recreational Park Fund	7,869
Road Fund	4,869
Trash Pickup Fund	(178,706)
Police Fund	(67,634)
Street Lights Fund	109,898
Mobile Home Park Fund	116,699
Ambulance Fund	<u>398,711</u>
Total	<u><u>\$ 1,752,622</u></u>

**TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007**

NOTE C: CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

COMMON BANK ACCOUNT (CONTINUED)

Cash consists of bank accounts or securities with original maturities of 90 days or less.

CASH AND INVESTMENTS

All cash deposits are maintained in financial institutions in Michigan. The Township's pooled and non-pooled deposits are categorized to give an indication of the level of risk assumed by the Township at fiscal year-end. The categories are described as follows:

- Category 1 - Insured or collateralized with securities held by the Township or by its agent in the Township's name.
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the Township's name.
- Category 3 - Uncollateralized.

	<u>BANK BALANCE</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>CARRYING AMOUNT</u>
Pooled Deposits	\$ 1,801,078	\$ 300,000	\$ -	\$ 1,501,078	\$ 1,790,217
Sewer	<u>1,397,263</u>	<u>100,000</u>	<u>-</u>	<u>1,297,263</u>	<u>1,397,263</u>
Total Cash Deposits	<u>\$ 3,198,341</u>	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ 2,798,342</u>	<u>\$ 3,128,948</u>
Agency	<u>\$ 1,886,756</u>	<u>\$ 109,084</u>	<u>\$ -</u>	<u>\$ 1,777,672</u>	<u>\$ 1,886,756</u>

INVESTMENTS

Investments (included above) consists of certificates of deposit and they are stated at cost, which approximates fair market value. Investments consist of securities with original maturities in excess of 90 days. Investing is performed in accordance with investment policies complying with state statutes.

**TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007**

NOTE C: CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Township's investments are as follows:

- (1) Insured or securities held by the Township or the Township's agent in the Township's name.
- (2) Uninsured with securities held by the counter party's trust department or its agent in the Township's name.
- (3) Uninsured with securities held by the counter party's trust department or agent but not in the Township's name.

NOTE D: RECEIVABLES

Receivables consist of the following:

Delinquent Taxes and Assessments

County of Roscommon bonds for tax collection and pays balances due various taxing authorities during May of each year

Special Revenue Funds

Ambulance runs	\$ 130,567
Less allowance for uncollectibles	<u>(49,687)</u>
	<u>\$ 80,880</u>

Estimated proceeds from Estate

Contribution (Sale of Home –

Net Proceeds)

\$ 180,000

Improvement Loan Program Receivables \$ 71,494

Sewer Fund

Usage fees	<u>\$ 273,890</u>
TOTAL RECEIVABLES	<u><u>\$ 606,264</u></u>

The Houghton Lake Sewer Authority manages and collects the receivables of the sewer fund for Denton Township. Delinquent fees are added to the tax roll, therefore no allowance for doubtful accounts is necessary.

TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007

NOTE E: INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables consist of:

Monies collected in the property tax collection fund and not disbursed to the various funds at March 31, 2007.

INTERFUND RECEIVABLES

General Fund	\$ 424,691
Fire Fund	264,789
Road Fund	132,473
Trash Pickup Fund	284,140
Police Fund	270,617
Streetlight Fund	132,473
Ambulance Fund	<u>377,573</u>
Total	<u>\$ 1,886,756</u>

INTERFUND PAYABLES

Agency Fund	<u>\$ 1,886,756</u>
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NOTE F: INSURANCE

The Township is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; error and omission; injuries to employees; and natural disasters. The Township participated in the Michigan Municipal Liability and Property Pool, a self-insured group. The pool is considered a public entity risk pool. The Township pays annual premiums to the pool for the respective insurance coverage. In the event a pool's total claims and expense for a policy year exceed the total normal annual premiums for said years, all members of the pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance. The Township has not been informed of any special assessments being required. There were no significant changes in coverage, nor were there any significant claims for the year. The Township carries commercial insurance for other potential losses, including employee health and accident insurance.

TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007

NOTE G: CAPITAL ASSETS

	<u>CAPITAL ASSETS NOT DEPRECIATED</u>		<u>CAPITAL ASSETS DEPRECIATED</u>				
	<u>Land & Improv</u>	<u>Buildings</u>	<u>Furniture & Fixtures</u>	<u>Machinery & Equipment</u>	<u>Infrastructure</u>	<u>Sewage System</u>	<u>Totals</u>
Governmental Activities							
Balance, April 1, 2005	\$ 200,338	\$ 2,084,991	\$ 62,626	\$1,966,064	\$ 107,482	\$ -	\$ 4,421,501
Increases	142,400	355,000	23,283	-	-	-	520,683
Decreases	-	-	-	-	-	-	-
Balance, March 31, 2007	<u>342,738</u>	<u>2,439,991</u>	<u>85,909</u>	<u>1,966,064</u>	<u>107,482</u>	<u>-</u>	<u>4,942,184</u>
Governmental Activities Accumulated Depreciation							
Balance, April 1, 2005	-	811,025	46,936	921,256	4,830	-	1,784,047
Increases	-	51,877	8,718	194,808	4,414	-	259,817
Decreases	-	-	-	-	-	-	-
Balance, March 31, 2007	<u>-</u>	<u>862,902</u>	<u>55,654</u>	<u>1,116,064</u>	<u>9,244</u>	<u>-</u>	<u>2,043,864</u>
Governmental Activities Capital Assets, Net	<u>\$ 342,738</u>	<u>\$ 1,577,089</u>	<u>\$ 30,255</u>	<u>\$ 850,000</u>	<u>\$ 98,238</u>	<u>\$ -</u>	<u>\$ 2,898,320</u>
Business-Type Activities							
Balance, April 1, 2005	\$ -	\$ 17,000	\$ -	\$ -	\$ -	\$12,185,191	\$12,202,191
Increases	-	-	-	-	-	-	-
Decreases	-	-	-	-	-	-	-
Balance, March 31, 2007	<u>-</u>	<u>17,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,185,191</u>	<u>12,202,191</u>
Business-Type Activities Accumulated Depreciation							
Balance, April 1, 2005	\$ -	\$ 5,525	\$ -	\$ -	\$ -	\$ 4,863,322	\$ 4,868,847
Increases	-	425	-	-	-	162,469	162,894
Decreases	-	-	-	-	-	-	-
Balance, March 31, 2007	<u>-</u>	<u>5,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 5,025,791</u>	<u>\$ 5,031,741</u>
Business-Type Activities Capital Assets, Net	<u>\$ -</u>	<u>\$ 11,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,159,400</u>	<u>\$ 7,170,450</u>
Primary Government Capital Assets, Net	<u>\$ 342,738</u>	<u>\$ 1,588,139</u>	<u>\$ 30,255</u>	<u>\$ 850,000</u>	<u>\$ 98,238</u>	<u>\$ 7,159,400</u>	<u>\$10,068,770</u>

Depreciation expense was charged to functions of the Township as follows:

Governmental Activities

Township Administration	\$ 41,099
Parks & Recreation	11,276
Public Safety	193,510
Health & Welfare	9,518
Public Works	4,414
Total	<u>\$ 259,817</u>

Business-Type Activities

Sewer Utilities	<u>\$ 162,894</u>
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**TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007**

NOTE H: LONG-TERM DEBT

	Balance April 1 <u>2006</u>	<u>Additions</u>	<u>Retirements</u>	Balance March 31 <u>2007</u>	Due Within <u>One Year</u>
<u>Governmental Activities</u>					
<i>Major Governmental Fund</i>					
Copier Capital Lease	\$ 1,762	\$ -	\$ 1,056	\$ 706	\$ 706
Ambulance Building	-	355,000	-	355,000	18,000
<i>Non Major Governmental Fund</i>					
Fire Truck Note	<u>233,137</u>	<u>-</u>	<u>28,914</u>	<u>204,223</u>	<u>29,970</u>
Total	<u>\$ 234,899</u>	<u>\$ 355,000</u>	<u>\$ 29,970</u>	<u>\$ 559,929</u>	<u>\$ 48,676</u>
<u>Business-type Activities</u>					
<i>Major Enterprise Fund</i>					
Sewer Bonds-1993 Issue	<u>\$1,490,000</u>	<u>-</u>	<u>185,000</u>	<u>1,305,000</u>	<u>185,000</u>
Total Government Long-term Debt	<u>\$1,724,899</u>	<u>\$ 355,000</u>	<u>\$214,970</u>	<u>\$1,864,929</u>	<u>\$ 233,676</u>

FIRE TRUCK NOTE

In October 2004, the Township borrowed \$260,000 to finance the purchase of a rescue truck under an installment purchase agreement. Payments are \$37,726 annually for eight years, including interest at 3.91%. The balance on March 31, 2007 was \$204,223.

SEWER BONDS

1993 Limited tax general obligation bond – original bond amount was \$3,500,000. Annual principal payments range from \$145,000 - \$210,000, plus semi-annual interest payments at a rate of 2%. Balance at March 31, 2007 was \$1,305,000.

CAPITAL LEASE

The Township purchased a Sharp Copier January 7, 2003 under a capital lease which requires monthly payments of \$88.04 with a purchase option after 60 months for \$1.00. Current year lease expense \$1,056.

**TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007**

NOTE H: LONG-TERM DEBT (CONTINUED)

AMBULANCE BUILDING BOND/NOTE

2006 Limited Tax General Obligation bond- Original bond amount \$1,125,000. Annual principal payments range from \$18,000 to \$66,000, plus semi-annual Interest payments at a rate of 4.375%. The bond is with the U.S. Department of Agriculture, Rural Development, and has the characteristics of a construction loan as of March 31. The Township has been advanced \$355,000 as of March 31, 2007. The township expects to draw down the remaining \$770,000 during the year 2007. These financial statements reflect an outstanding loan of \$355,000

The annual principal/lease requirements for all debt including the \$1,125,000 bond as of March 31, 2007, are as follows:

	<u>Sewer Bonds</u>	<u>Copier</u>	<u>Fire Truck</u>	<u>Ambulance</u>
2008	185,000	706	29,970	18,000
2009	190,000	-	31,142	19,000
2010	195,000	-	32,360	20,000
2011	200,000	-	33,625	21,000
2012	200,000	-	34,940	22,000
2013	205,000	-	42,186	23,000
2014	130,000	-	-	24,000
2015	-	-	-	25,000
2016	-	-	-	26,000
2017	-	-	-	27,000
After	-	-	-	900,000
	<u>\$ 1,305,000</u>	<u>\$ 706</u>	<u>\$ 204,223</u>	<u>1,125,0000</u>

ACCRUED INTEREST

GASB Statement No. 34 requires interest to be accrued for the long-term debt of governmental activities for the government-wide financial statements. Proprietary funds (sewer) have always recorded accrued interest, as they are governed by FASB guidelines. The government-wide financial statements include the following accrued interest balances at March 31, 2007: \$9,000.

Total interest expense for the Township for the year approximated \$48,000.

**TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007**

NOTE I: ACCRUED LIABILITIES

Accrued Liabilities consists of the following:

Interest	\$ 9,000
Compensated Absences	51,982
Unearned Revenue	189,452
	<u>\$ 79,434</u>

NOTE J: FUND BALANCE/NET ASSETS

The Township Board has taken action to reserve \$18,000 worth of medical supplies on hand at March 31, 2007.

NOTE K: PENSION PLAN

The Township of Denton contributes to a pension plan which is a defined contribution pension plan administered by the Manufacturers Life Insurance Company.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under the Township's defined contribution pension plan, the benefits a participant will receive depends on the amount contributed to the participant's account and the returns earned on investments of those contributions.

All full-time employees and elected officials between the ages of 18-75 are eligible to participate in the plan. Contributions made by the Township and employees are fully vested after the third full year. The participant will receive all vested benefits upon termination of employment with the Township.

The plan requires the Township to contribute 10% of the eligible employees wages. Additionally, each participant contributes 10% of their salary. The Township has met all pension obligations for the year ended March 31, 2007.

In addition, employees may make voluntary contributions up to 5% of compensation. The Township's contribution for the year totaled \$83,195.

No pension provision changes occurred during the year that affected the required contributions to be made by the Township or its employees.

**TOWNSHIP OF DENTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2007**

NOTE M: COMMITMENTS

In March 2003, the Township entered into a 5-year contract commencing May 1, 2003 and ending March 31, 2008 with Waste Management of Michigan, Inc. for trash collection services. This monthly fee for services is \$5.54 per livable residential dwelling/unit for the first year and may increase 3% in subsequent years.

The Township signed a Purchase Agreement on land for \$720,000 to be used for a proposed park on July 25, 2005. A \$15,000 non-refundable fee was paid in consideration for delay of closing the transaction until May 31, 2007 due to funding options being pursued by the Township. This closing date was subsequently amended to May 31, 2008 on February 8, 2007.

TOWNSHIP OF DENTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED MARCH 31, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET (UNFAVORABLE)
REVENUES				
Property Taxes and Assessments	\$ 368,654	\$ 368,654	\$ 383,642	\$ 14,988
Intergovernmental:				
State Shared Revenue	350,000	350,000	397,567	47,567
Trailer Tax	850	850	1,250	400
Swamp Tax	6,400	6,400	6,439	39
Charges for Services:				
Cemetery Services	10,500	10,500	9,250	(1,250)
Rehab Program Payments	15,000	15,000	39,718	24,718
Summer Tax Collection Fees	16,000	16,000	16,000	-
Other Fees	11,200	11,200	41,087	29,887
Rent	14,100	14,100	13,905	(195)
Licenses and Permits	93,860	93,860	4,504	(89,356)
Interest	38,450	38,450	111,483	73,033
Other	321,098	321,098	15,577	(305,521)
Total Revenues	\$ 1,246,112	\$ 1,246,112	\$ 1,040,422	\$ (205,690)

EXPENDITURES

GENERAL GOVERNMENT

Township Board:

Salaries - Permanent Employees	\$ 42,443	\$ 42,443	\$ 43,532	\$ (1,089)
Salaries - Board	8,064	8,064	8,064	-
Fringe Benefits	43,968	43,968	39,388	4,580
Office Supplies	17,000	17,000	18,779	(1,779)
Repairs and Maintenance	950	950	1,042	(92)
Professional Services	49,500	49,500	28,377	21,123
Transportation and Meals	250	250	233	17
Community Promotion	1,000	1,000	-	1,000
Printing and Publishing	2,500	2,500	1,908	592
Insurance and Bonds	14,000	14,000	13,907	93
Equipment Rental	-	-	-	-
Membership, Dues and Education	6,000	6,000	5,813	187
Miscellaneous / Contingency	46,000	80,000	40,142	39,858
Equipment	1,000	1,000	-	1,000
Total Township Board	232,675	266,675	201,185	65,490

TOWNSHIP OF DENTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED MARCH 31, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET (UNFAVORABLE)
Supervisor:				
Salary	39,140	39,140	39,140	-
Fringe Benefits	9,709	9,709	9,836	(127)
Office Supplies	25	25	30	(5)
Membership, Dues and Education	1,800	1,800	1,551	249
Transportation and Meals	1,500	1,500	508	992
Equipment	400	400	-	400
Miscellaneous	-	-	-	-
Total Supervisor	52,574	52,574	51,065	1,509
Assessor:				
Salaries	69,737	69,737	69,598	139
Fringe Benefits	25,109	25,109	24,539	570
Office Supplies	6,000	6,000	6,161	(161)
Membership, Dues and Education	1,250	1,250	680	570
Transportation and Meals	800	800	393	407
Printing and Publishing	-	-	-	-
Equipment	500	500	-	500
Maintenance	600	600	41	559
Misc Expense	300	300	-	300
Professional Services	200	200	-	200
Total Assessor	104,496	104,496	101,412	3,084
Election Board:				
Wages	5,000	5,000	5,394	(394)
Fringe Benefits	383	383	120	263
Printing and Publishing	50	50	65	(15)
Transportation and Meals	200	200	140	60
Equipment and Other	850	850	(20)	870
Office Supplies	3,000	3,000	1,675	1,325
Total Election Board	9,483	9,483	7,374	2,109
Computer Department:				
Equipment and Supplies	15,100	21,600	23,115	(1,515)

TOWNSHIP OF DENTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED MARCH 31, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET (UNFAVORABLE)
Township Clerk:				
Salaries	33,475	33,475	33,475	-
Fringe Benefits	17,059	17,059	16,884	175
Office Supplies	200	200	257	(57)
Membership, Dues and Education	1,900	1,900	1,252	648
Transportation and Meals	400	400	186	214
Total Township Clerk	53,034	53,034	52,054	980
Township Treasurer:				
Salaries	33,475	33,475	33,475	-
Fringe Benefits	8,809	8,809	7,759	1,050
Office Supplies	6,400	6,400	5,354	1,046
Transportation and Meals	400	400	327	73
Membership, Dues and Education	2,800	2,800	2,162	638
Printing and Publishing	-	-	-	-
Total Township Treasurer	51,884	51,884	49,077	2,807
Board of Review:				
Contract Labor and Wages	1,292	1,292	1,249	43
Miscellaneous	775	775	351	424
Total Board of Review	2,067	2,067	1,600	467
Township Hall and Grounds:				
Salaries	-	-	-	-
Fringe Benefits	-	-	-	-
Office Supplies	3,650	3,650	3,657	(7)
Repairs and Maintenance	9,900	9,900	7,494	2,406
Communications	5,600	5,600	4,821	779
Utilities	19,366	19,366	19,339	27
Insurance	-	-	-	-
Equipment	3,500	3,500	-	3,500
Building/Land	18,000	18,000	3,524	14,476
Transportation and Meals	-	-	-	-
Land Purchase	-	-	-	-
Miscellaneous	800	800	24	776
Total Township Hall and Grounds	60,816	60,816	38,859	21,957

TOWNSHIP OF DENTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED MARCH 31, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET (UNFAVORABLE)
Cemetery:				
Wages and Fringe Benefits	5,383	5,383	3,976	1,407
Office Supplies	1,500	1,500	900	600
Utilities	125	125	106	19
Repair and Maintenance	500	500	290	210
Insurance	500	500	446	54
Building and Land	500	500	-	500
Equipment and Other	1,250	1,250	492	758
Total Cemetery	9,758	9,758	6,210	3,548
Total General Government	591,887	632,387	531,951	100,436
PUBLIC SAFETY				
Civilian Emergency Response Training	-	-	-	-
Building Agency	90,000	90,000	-	90,000
Total Public Safety	90,000	90,000	-	90,000
COMMUNITY AND ECONOMIC DEVELOPMENT				
Zoning:				
Salaries	28,694	28,694	26,599	2,095
Fringe Benefits	7,755	7,755	7,808	(53)
Office Supplies	100	100	-	100
Professional Services	6,000	6,000	7,370	(1,370)
Printing and Publishing	1,500	1,500	1,480	20
Insurance	-	-	-	-
Membership, Dues and Education	2,500	2,500	531	1,969
Transportation and Meals	800	800	442	358
Miscellaneous	200	200	-	200
Total Zoning	47,549	47,549	44,230	3,319
Township Rehabilitation:	10,450	10,450	-	10,450
Total Community and Economic Development	57,999	57,999	44,230	13,769

TOWNSHIP OF DENTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED MARCH 31, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET (UNFAVORABLE)
PUBLIC WORKS				
Maintenance:				
Wages	97,000	97,000	92,546	4,454
Fringe Benefits	37,720	37,720	33,509	4,211
Office/Operating Supplies	1,200	1,200	1,055	145
Uniforms	600	600	866	(266)
Repair/Maintenance	3,000	3,000	2,639	361
Mileage	2,500	2,500	3,224	(724)
Equipment	7,500	7,500	1,840	5,660
Total Public Works	149,520	149,520	135,679	13,841
Total Expenditures	889,406	929,906	711,860	218,046
Excess (Deficiency) of Revenues over Expenditures	356,706	316,206	328,562	12,356
OTHER FINANCING SOURCES:				
Ambulance	-	-	-	-
Roads	176,231	176,231	176,231	-
Houghton Lake Improvement Board	-	-	-	-
Recreation/Park	64,559	64,559	64,559	-
Trash	115,916	115,916	115,916	-
Total Other Financing Sources	356,706	356,706	356,706	-
Excess (Deficiency) of Revenues over Expenditures and Other Uses	-	(40,500)	(28,144)	12,356
Fund Balance - April 1	1,562,112	1,562,112	1,600,365	38,253
Fund Balance - March 31	\$ 1,562,112	\$ 1,521,612	\$ 1,572,221	\$ 50,609

TOWNSHIP OF DENTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
AMBULANCE FUND
YEAR ENDED MARCH 31, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET (UNFAVORABLE)
REVENUES				
Property Taxes and Assessments	\$ 350,502	\$ 350,502	\$ 365,716	\$ 15,214
Charges for Services:				
Insurance Reimbursements	507,891	507,891	485,911	(21,980)
Intercept Fees	202,000	202,000	163,264	(38,736)
Training Program Fees	15,000	15,000	3,854	(11,146)
Interest	-	-	19,891	19,891
Donations	-	-	700	700
Other	3,000	3,000	45,831	42,831
Total Revenues	<u>\$ 1,078,393</u>	<u>\$ 1,078,393</u>	<u>\$ 1,085,167</u>	<u>\$ 6,774</u>
 EXPENDITURES				
Public Safety:				
Salaries, Wages and Payroll Taxes	\$ 756,228	\$ 756,228	\$ 709,820	\$ 46,408
Health Insurance	67,700	67,700	53,653	14,047
Pension	41,263	41,263	40,710	553
Supplies and Uniforms	24,000	24,000	22,728	1,272
Repairs and Maintenance	20,400	20,400	20,491	(91)
Miscellaneous	5,500	5,500	5,395	105
Professional Services	53,000	53,000	19,350	33,650
Insurance	21,500	21,500	21,883	(383)
Education and Training	42,700	42,700	32,468	10,232
Capital Outlay	385,000	385,000	370,272	14,728
Utilities	16,102	16,102	12,572	3,530
Total Expenditures	<u>1,433,393</u>	<u>1,433,393</u>	<u>1,309,342</u>	<u>124,051</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(355,000)</u>	<u>(355,000)</u>	<u>(224,175)</u>	<u>130,825</u>
 OTHER FINANCING SOURCES				
Loan Proceeds	355,000	355,000	355,000	-
Excess of Revenues and Other Financing Sources Over Expenditures	<u>-</u>	<u>-</u>	<u>130,825</u>	<u>130,825</u>
Fund Balance - April 1	<u>744,340</u>	<u>744,340</u>	<u>744,340</u>	<u>-</u>
Fund Balance - March 31	<u><u>\$ 744,340</u></u>	<u><u>\$ 744,340</u></u>	<u><u>\$ 875,165</u></u>	<u><u>\$ 130,825</u></u>

TOWNSHIP OF DENTON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
TRASH FUND
YEAR ENDED MARCH 31, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET (UNFAVORABLE)
REVENUES				
Taxes and Assessments	\$ 257,547	\$ 257,547	\$ 284,140	\$ 26,593
Other Income	118,666	118,666	118,812	146
Total Revenues	<u>\$ 376,213</u>	<u>\$ 376,213</u>	<u>\$ 402,952</u>	<u>\$ 26,739</u>
 EXPENDITURES				
Public Works:				
Salaries and Benefits	\$ 27,313	\$ 27,313	\$ 25,668	\$ 1,645
Supplies	1,000	1,000	1,138	(138)
Repairs and Maintenance	3,250	3,250	2,664	586
Professional Fees	550	550	500	50
Miscellaneous	2,300	2,300	1,231	1,069
Trash Collection Costs	328,000	328,000	332,747	(4,747)
Utilities	1,300	1,300	1,395	(95)
Capital Outlay	12,500	12,500	4,907	7,593
Total Expenditures	<u>376,213</u>	<u>376,213</u>	<u>370,250</u>	<u>5,963</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>32,702</u>	<u>32,702</u>
Fund Balance - April 1	<u>155,635</u>	<u>155,635</u>	<u>72,732</u>	<u>(82,903)</u>
Fund Balance - March 31	<u><u>\$ 155,635</u></u>	<u><u>\$ 155,635</u></u>	<u><u>\$ 105,434</u></u>	<u><u>\$ (50,201)</u></u>

**TOWNSHIP OF DENTON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
MARCH 31, 2007**

	STREET LIGHTS	FIRE	MOBILE HOME	ROAD	POLICE	RECREATIONAL PARK	TOTAL
ASSETS							
Cash	\$ 109,898	\$ 229,406	\$ 116,699	\$ 4,869	\$ (67,635)	\$ 7,869	\$ 401,106
Delinquent Taxes Receivable	-	-	-	-	-	-	-
Special Assessment Receivable	-	-	-	-	-	-	-
Due From Other Funds	132,473	264,789	-	132,473	270,617	-	800,352
Accounts Receivable	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Total Assets	<u>242,371</u>	<u>494,195</u>	<u>116,699</u>	<u>137,342</u>	<u>202,982</u>	<u>7,869</u>	<u>1,201,458</u>
LIABILITIES AND FUND BALANCES							
Fund Balances:							
Designated	-	-	-	-	-	-	-
Undesignated	<u>242,371</u>	<u>494,195</u>	<u>116,699</u>	<u>137,342</u>	<u>202,982</u>	<u>7,869</u>	<u>1,201,458</u>
Total Liabilities and Fund BalancesE	<u>\$ 242,371</u>	<u>\$ 494,195</u>	<u>\$ 116,699</u>	<u>\$ 137,342</u>	<u>\$ 202,982</u>	<u>\$ 7,869</u>	<u>\$ 1,201,458</u>

TOWNSHIP OF DENTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2007

	STREET LIGHTS	FIRE	MOBILE HOME	ROAD	POLICE	RECREATIONAL PARK	TOTAL
REVENUES							
Taxes and Assessments	\$ 128,319	\$ 256,481	\$ -	\$ 128,319	\$ 262,126	\$ -	\$ 775,245
State Grants	-	-	-	-	8,117	-	8,117
Charges for Services	-	12,510	93,372	-	533	-	106,415
Other	3,989	11,754	-	3,989	8,980	-	28,712
Total Revenues	132,308	280,745	93,372	132,308	279,756	-	918,489
EXPENDITURES							
Personnel Services	-	96,824	21,970	-	200,575	8,283	327,652
Supplies and Repairs	-	10,933	4,344	-	5,101	1,538	21,916
Utilities	55,512	7,560	14,313	-	2,714	1,012	81,111
Insurance	-	20,253	2,588	-	11,983	-	34,824
Roads	-	-	-	297,697	-	-	297,697
Professional Services	400	1,000	400	600	500	400	3,300
Miscellaneous	414	4,738	1,018	72	8,387	811	15,440
Debt Retirement	-	37,726	-	-	-	-	37,726
Capital Outlay	142,400	13,719	37,776	-	382	38,336	232,613
Total Expenditures	198,726	192,753	82,409	298,369	229,642	50,380	1,052,279
Excess (Deficiency) of Revenues Over Expenditures	(66,418)	87,992	10,963	(166,061)	50,114	(50,380)	(133,790)
OTHER FINANCING SOURCES (USES)							
Operating Transfers	-	-	-	176,231	-	64,559	240,790
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(66,418)	87,992	10,963	10,170	50,114	14,179	107,000
Fund Balance - April 1	308,789	406,203	105,736	127,172	152,868	(6,310)	1,094,458
Fund Balance - March 31	\$ 242,371	\$ 494,195	\$ 116,699	\$ 137,342	\$ 202,982	\$ 7,869	\$ 1,201,458

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Township of Denton, Michigan, as of and for the year ended March 31, 2007, which collectively comprise the Township of Denton, Michigan's basic financial statements and have issued our report thereon dated May 23, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township of Denton, Michigan's internal control over financial reporting as a basis for designing our auditing procedure for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Denton, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Denton, Michigan's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township of Denton, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township of Denton, Michigan's financial statements that is more than inconsequential will not be prevented or detected by the Township of Denton, Michigan's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township of Denton, Michigan's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Township of Denton, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Township of Denton, State Y, in a separate letter dated May 23, 2007.

This report is intended solely for the information and use of management, the audit committee, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.


Keskin, Cook, Miller & Alexander, LLP



Walter J. Keskin, CPA
Jeffrey B. Cook, CPA
Richard W. Miller, CPA
Ronald D. Alexander, CPA
Curt A. Reppuhn, CPA

Keskin, Cook, Miller & Alexander, LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

June 1, 2007

Township of Denton
P.O. Box 289
Prudenville, MI 48651

We have audited the financial statements of the Township of Denton for the year ended March 31, 2007, and have issued our report thereon dated June 1, 2007. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of the Township of Denton. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Township of Denton are described in the notes to the financial statements.

We noted no transactions entered into by the Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. The following attached pages summarize the adjustments that were proposed to management and made to the audited financial statements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Difficulties Encountered in Performing the Audit

The Township of Denton's accounting records were well organized and we are happy to report that there were no difficulties in performing the audit.

Comments and Recommendations

In planning and performing our audit of the financial statements of the Township of Denton, we noted no items requiring comment.

This information is intended solely for the information of the Township of Denton's Board and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,


Keskine, Cook, Miller & Alexander, LLP